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09/901,553	07/06/2001	Catherine R. Kinney	09163-20801	3832

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EXAMINER
LIVERSEDGE, JENNIFER L

ART UNIT	PAPER NUMBER
3628	

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Please find below and/or attached an Office communication concerning this application or proceeding.

		Application No.	Applicant(s)
		09/901,553	KINNEY ET AL.
Office Action Summary		Examiner	Art Unit	
		Jennifer Liversedge	3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE _3_ MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on _06 July 2001_.

2a)☐ This action is **FINAL**.   2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) _1-66_ is/are pending in the application.

     4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) _1-66_ is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☒ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on _06 July 2001_ is/are: a)☐ accepted or b)☒ objected to by the Examiner.

     Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

     Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

     a)☐ All   b)☐ Some * c)☐ None of:

        1.☐ Certified copies of the priority documents have been received.

        2.☐ Certified copies of the priority documents have been received in Application No. _____ .

        3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

     * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
     Paper No(s)/Mail Date _12/18/2001 and 6/16/2004_

4)☐ Interview Summary (PTO-413)
     Paper No(s)/Mail Date. _____ .

5)☐ Notice of Informal Patent Application (PTO-152)

6)☐ Other: _____ .

DETAILED ACTION

Specification

The disclosure is objected to because of the following informalities:

Page 17, line 1: Common Message Switch should be labeled 103.

Appropriate correction is required.

Drawings

The drawings are objected to as failing to comply with 37 CFR 1.84(p)(5)

because they do not include the following reference sign(s) mentioned in the

description: Figure 4B should reference system 200 per page 16, line 14.

Corrected drawing sheets in compliance with 37 CFR 1.121(d) are required in

reply to the Office action to avoid abandonment of the application. Any amended

replacement drawing sheet should include all of the figures appearing on the immediate

prior version of the sheet, even if only one figure is being amended. Each drawing sheet

submitted after the filing date of an application must be labeled in the top margin as

either "Replacement Sheet" or "New Sheet" pursuant to 37 CFR 1.121(d). If the

changes are not accepted by the examiner, the applicant will be notified and informed of

any required corrective action in the next Office action. The objection to the drawings

will not be held in abeyance.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 10, 41 and 54 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Computer executable software code transmitted as an information signal does not fall within any of the categories of patentable subject matter set forth in 35 USC § 101.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless –
>
> (e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1, 7-13, 16-19, 27-31, 33-35, 41-44, 52-64 are rejected under 35 U.S.C. 102(e) as being anticipated by Pub. No. US 2002/0032635 A1 to Harris et al. (further referred to as Harris).

Regarding claim 1, Harris discloses a method for processing a non-member transaction on a member securities exchange (page 1, paragraphs 3-4; page 4, paragraph 36) comprising:

Transmitting a securities transaction from the non-member institution to a credit

authorization service of the exchange (page 1, paragraph 9), the credit authorization

service:

Comparing a value of the securities transaction with a pre-established

threshold value, the pre-established threshold at least partially established by a member

of the exchange (page 1, paragraph 9); and

Processing the securities transaction if the value of the securities

transaction is below the pre-established threshold (page 3, paragraphs 25-29), or

alternatively;

Rejecting the securities transaction if the value of the securities

transaction is above the pre-established threshold (page 3, paragraphs 25-29); and

Receiving at the non-member institution a message from the credit authorization

service, the message including an indication that the securities transaction was

processed or rejected (page 3, paragraphs 25-29).

Regarding claims 10 and 11, Harris discloses a computer readable medium

having computer executable software code stored thereon and and computer

executable software code transmitted as information signal, the code for processing a

non-member transaction on a member securities exchange (page 1, paragraphs 3-4;

page 2, paragraphs 15-18; page 4, paragraph 36; Figure 1) comprising:

Code to transmit a securities transaction from the non-member institution to a

credit authorization service of the exchange (page 1, paragraph 9), the credit

authorization service including:

Code to compare a value of the securities transaction with a pre-

established threshold value, the pre-established threshold at least partially established

by a member of the exchange (page 1, paragraph 9); and

Code to process the securities transaction if the value of the securities

transaction is below the pre-established threshold (page 3, paragraphs 25-29), or

alternatively;

Code to reject the securities transaction if the value of the securities

transaction is above the pre-established threshold (page 3, paragraphs 25-29); and

Code to receive at the non-member institution a message from the credit

authorization service, the message including an indication that the securities transaction

was processed or rejected (page 3, paragraphs 25-29).

Regarding claim 12, Harris discloses a programmed computer for processing a

non-member transaction on a member securities exchange (page 1, paragraphs 3-4;

page 2, paragraphs 15-19; page 4, paragraph 36; Figure 1) comprising:

A memory having at least one region for storing computer executable program

code (page 2, paragraphs 15-19); and

A processor for executing the program code stored in the memory (page 2,

paragraphs 15-19), wherein the program code comprises:

Code to Transmit a securities transaction from the non-member institution to a credit authorization service of the exchange (page 1, paragraph 9), the credit authorization service including:

Code to compare a value of the securities transaction with a pre-established threshold value, the pre-established threshold at least partially established by a member of the exchange (page 1, paragraph 9); and

Code to process the securities transaction if the value of the securities transaction is below the pre-established threshold (page 3, paragraphs 25-29), or alternatively;

Code to reject the securities transaction if the value of the securities transaction is above the pre-established threshold (page 3, paragraphs 25-29); and

Code to receive at the non-member institution a message from the credit authorization service, the message including an indication that the securities transaction was processed or rejected (page 3, paragraphs 25-29).

Regarding claim 13, Harris discloses a method for processing a non-member transaction on a member securities exchange (page 1, paragraphs 3-4; page 4, paragraph 36) comprising:

Receiving at a credit authorization service of the exchange, a securities transaction from a non-member institution (page 1, paragraph 9);

Comparing a value of the securities transaction with a pre-established threshold value, the pre-established threshold at least partially established by a member of the exchange (page 1, paragraph 9); and

Processing the securities transaction if the value of the securities transaction is below the pre-established threshold (page 3, paragraphs 25-29), or alternatively;

Rejecting the securities transaction if the value of the securities transaction is above the pre-established threshold (page 3, paragraphs 25-29).

Regarding claim 16, Harris discloses a method wherein processing the securities transaction further comprises forwarding the securities transaction to the member exchange (page 1, paragraph 4; page 4, paragraph 36).

Regarding claim 17, Harris discloses a method wherein the value of the securities transaction is a dollar value (page 6, paragraph 64).

Regarding claim 18, Harris discloses a method wherein the value of the securities transaction is an order size (page 6, paragraphs 61 and 64).

Regarding claim 19, Harris discloses a method wherein the value of the securities transaction is a number of particular securities (page 6, paragraphs 61 and 64).

Regarding claims 27-31, Harris discloses a method further comprising notifying

the member of the exchange, non-member institution and system operator when a

running aggregate of multiple securities transaction reaches the pre-established

threshold value or a percentage of the pre-established threshold value (page 1,

paragraph 9; page 3, paragraphs 26-30; page 6, paragraph 60-64).

Regarding claim 33, Harris discloses a method maintaining a running aggregate

of multiple securities transactions (page 1, paragraph 9; page 3, paragraph 30; page 6,

paragraphs 61 and 63-64).

Regarding claim 34, Harris discloses a method wherein the value of individual

securities transactions are treated the same in maintaining the running aggregate

regardless of the type of transaction (page 1, paragraph 9; page 3, paragraph 30; page

6, paragraphs 61 and 63-64).

Regarding claim 35, Harris discloses a method wherein the value of individual

securities is added to or subtracted from running aggregate depending on the type of

transaction (page 1, paragraph 9; page 3, paragraph 30; page 6, paragraphs 61 and 63-

64).

Regarding claim 41, Harris discloses a computer executable software code

transmitted as an information signal, the code for processing a non-member transaction

on a member securities exchange (page 1, paragraphs 3-4; page 4, paragraph 36), the

code comprising:

Code to receive at a credit authorization service of the exchange, a

securities transaction from a non-member institution (page 1, paragraph 9);

Code to compare a value of the securities transaction with a pre-

established threshold value, the pre-established threshold at least partially established

by a member of the exchange (page 1, paragraph 9); and

Code to process the securities transaction if the value of the securities

transaction is below the pre-established threshold (page 3, paragraphs 25-29), or

alternatively;

Code to reject the securities transaction if the value of the securities

transaction is above the pre-established threshold (page 3, paragraphs 25-29).

Regarding claim 42, Harris discloses a computer-readable medium having

computer executable software code stored thereon, the code for processing a non-

member transaction on a member securities exchange (page 1, paragraphs 3-4; page

4, paragraph 36), the code comprising:

Code to receive at a credit authorization service of the exchange, a

securities transaction from a non-member institution (page 1, paragraph 9);

Code to compare a value of the securities transaction with a pre-

established threshold value, the pre-established threshold at least partially established

by a member of the exchange (page 1, paragraph 9); and

Code to process the securities transaction if the value of the securities

transaction is below the pre-established threshold (page 3, paragraphs 25-29), or

alternatively;

Code to reject the securities transaction if the value of the securities

transaction is above the pre-established threshold (page 3, paragraphs 25-29).

Regarding claim 43, Harris discloses a programmed computer for processing a

non-member transaction on a member securities exchange (page 1, paragraphs 3-4;

page 2, paragraphs 15-19; page 4, paragraph 36; Figure 1) comprising:

A memory having at least one region for storing computer executable program

code (page 2, paragraphs 15-19); and

A processor for executing the program code stored in the memory (page 2,

paragraphs 15-19), wherein the program code comprises:

Code to receive at a credit authorization service of the exchange, a securities

transaction from the non-member institution (page 1, paragraph 9);

Code to compare a value of the securities transaction with a pre-established

threshold value, the pre-established threshold at least partially established by a member

of the exchange (page 1, paragraph 9); and

Code to process the securities transaction if the value of the securities

transaction is below the pre-established threshold (page 3, paragraphs 25-29), or

alternatively;

Code to reject the securities transaction if the value of the securities transaction

is above the pre-established threshold (page 3, paragraphs 25-29).

Regarding claim 44, Harris discloses a method for an exchange member to

authorize securities transactions submitted by a non-member institution to a member

exchange (page 1, paragraphs 3-4; page 4, paragraph 36) comprising:

At least partially establishing a threshold value for securities transactions

submitted by the non-member institution to the exchange (page 1, paragraph 9); and

Informing a credit authorization service of the member exchange of the

threshold value (page 1, paragraph 9).

Regarding claims 7-9 and 52-53, Harris discloses a method further comprising

including a value of the securities transaction in a running aggregate, further comprising

receiving a notification when the running aggregate reaches the pre-established

threshold value or a percentage of the pre-established threshold value (page 3,

paragraph 30; page 6, paragraphs 60-64).

Regarding claim 54, Harris discloses computer executable software code

transmitted as an information signal, the code for an exchange member to authorize

securities transactions submitted by a non-member institution to a member exchange

(page 1, paragraphs 3-4; page 4, paragraph 36), the code comprising:

Code to at least partially establish a threshold value for securities transactions

between the non-member institution and the exchange (page 1, paragraph 9); and

Code to inform a credit authorization service of the member exchange of the

threshold value (page 1, paragraph 9).

Regarding claim 55, Harris discloses computer-readable medium having

computer executable software code stored thereon, the code for an exchange member

to authorize securities transactions submitted by a non-member institution to a member

exchange (page 1, paragraphs 3-4; page 4, paragraph 36), the code comprising:

Code to at least partially establish a threshold value for securities transactions

between the non-member institution and the exchange (page 1, paragraph 9); and

Code to inform a credit authorization service of the member exchange of the

threshold value (page 1, paragraph 9).

Regarding claim 56, Harris discloses a programmed computer for an exchange

member to authorize security transactions submitted by a non-member institution to a

member exchange (page 1, paragraphs 3-4; page 2, paragraphs 15-19; page 4,

paragraph 36; Figure 1), comprising:

A memory having at least one region for storing computer executable program

code (page 2, paragraphs 15-19); and

A processor for executing the program code stored in the memory (page 2,

paragraphs 15-19), wherein the program code comprises:

Code to at least partially establish a threshold value for securities transactions

between the non-member institution and the exchange (page 1, paragraph 9); and

Code to inform a credit authorization service of the member exchange of the

threshold value (page 1, paragraph 9).

Regarding claim 57, Harris discloses a system for processing a transaction on a

securities exchange (page 1, paragraphs 3-4)comprising:

A terminal of a credit authorization service configured to communicate with the

securities exchange (page 1, paragraph 9; page 2, paragraph 22-23; page 3, paragraph

26);

A terminal of a non-member institution configured to transmit a securities from

the non-member institution to the terminal of the credit authorization service without

prior processing of the securities transaction by any particular member of the securities

exchange (page 2, paragraph 21-23); and

A terminal of a member of the securities exchange configured to send a pre-

established threshold value associated with the non-member institution to the terminal

of the credit authorization service, wherein the credit authorization service is a surrogate

for a plurality of members of the securities exchange (page 1, paragraph 9; page 4,

paragraph 36).

Regarding claim 58, Harris discloses a terminal of a non-member institution for

processing a transaction on a securities exchange comprising:

A transmitter configured to transmit a securities transaction from the non-member

institution to a terminal of the credit authorization service without prior processing of the

securities transaction by any particular member of the exchange (page 2, paragraph 21-

23); and

A receiver configured to receive a message from the credit authorization service,

the message including an indication of whether the securities transaction was executed

or rejected (page 1, paragraph 9;page 3, paragraph 26),

Wherein a member of the securities exchange establishes a threshold value

associated with the non-member institution (page 1, paragraph 9), the threshold value

available to the credit authorization service and the credit authorization services sends

the message including an indication of whether the securities transaction was executed

or rejected after considering the threshold value (page 1, paragraph 9;page 3,

paragraph 26).

Regarding claim 59, Harris discloses a terminal wherein the credit authorization

service is a surrogate for a plurality of members of the securities exchange (page 1,

paragraph 9; page 4, paragraph 36).

Regarding claim 60, Harris discloses a terminal of a member of a securities

exchange for processing a transaction on a securities exchange comprising:

A transmitter configured to transmit a pre-established threshold value associated with a non-member institution to a terminal of a credit authorization service (page 1, paragraph 9; page 2, paragraph 21-23); and

A receiver configured to receive a message from the credit authorization service, the message including an indication that securities transactions of the non-member institution have reached a fraction of the pre-established threshold (page 1, paragraph 9; page 3, paragraph 26; page 6, paragraph 61-64).

Regarding claim 61, Harris discloses a terminal wherein the credit authorization service is a surrogate for a plurality of members of the securities exchange (page 1, paragraph 9; page 4, paragraph 36).

Regarding claim 62, Harris discloses a terminal of a credit authorization service for processing a transaction on a securities exchange comprising:

A receiver configured to receive a pre-established threshold value associated with a non-member institution from a member of the securities exchange (page 1, paragraph 9; page 2, paragraph 21-23);

A transmitter configured to transmit a message to the member of the securities exchange, the message including an indication that the securities transactions of the non-member institution have reached a fraction of the pre-established threshold (page 1, paragraph 9; page 3, paragraph 26; page 6, paragraph 61-64).

Regarding claim 63, Harris discloses a terminal further comprising a transmitter

configured to transmit a message to the non-member institution, the message including

an indication that the securities transactions of the non-member institution have reached

a fraction of the pre-established threshold (page 1, paragraph 9; page 3, paragraph 26;

page 6, paragraph 61-64).

Regarding claim 64, Harris discloses a terminal wherein the transmitter

configured to transmit a message to the member of the securities exchange and the

transmitter configured to transmit a message to the non-member institution are the

same (page 1, paragraph 9; page 3, paragraph 26; page 6, paragraph 61-64).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

The factual inquiries set forth in *Graham* v. *John Deere Co.*, 383 U.S. 1, 148

USPQ 459 (1966), that are applied for establishing a background for determining

obviousness under 35 U.S.C. 103(a) are summarized as follows:

1.   Determining the scope and contents of the prior art.
2.   Ascertaining the differences between the prior art and the claims at issue.
3.   Resolving the level of ordinary skill in the pertinent art.
4.   Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 2-3, 20-21 and 45-46 are rejected under 35 U.S.C. 103(a) as being

unpatentable over Harris as applied to claim 1 above, and further in view of "A Trading

Strategy for Beating the Spread" by J. Frederick in Money, June 1998 (further referred

to as Frederick). Harris does not disclose a method wherein the securities transaction

is a limit order or a market order. However, Frederick discloses a method wherein the

securities transaction is a limit order or a market order (page 2, lines 25-55; page 3,

lines 1-8). It would be obvious to one of ordinary skill in the art to combine the use of

limit and market orders as disclosed by Frederick with the on-line trading system as

disclosed by Harris. The motivation would be to use old and well known price setting

rules for defining trading parameters.

Claims 4-6, 14-15, 22-26, 47-51 and 65-66 are rejected under 35 U.S.C. 103(a)

as being unpatentable over Harris as applied to claim 13 above, and further in view of

U.S. Patent No. 6,014,627 to Togher et al. (further referred to as Togher).

Regarding claims 4-6, 22-24 and 47-49, Harris does not specifically specify a

method wherein the pre-established threshold value is constant for the duration of a

trading day and wherein the pre-established threshold value is adjustable during a

trading day, the pre-established threshold value being completely established by the

member of the exchange. However, Harris discloses a method wherein a system

operator can modify the credit limits of parties involved in transactions, the pre-

established threshold value being completely established by the member of the

exchange (page 1,paragraph 9; page 3, paragraph 30; page 6, paragraph 54-56). It

would be obvious to one of ordinary skill in the art to combine modifying credit limits as

disclosed by Harris on any number of time frames per the level of attention and flexibility

desired to be offered by the system to party participants. The motivation would be to

offer varying levels of customer service in which customers could benefit from having

credit limits increased in order to facilitate a transaction, or to require the party to wait

until the next trading day in order to receive the benefits of increased credit limits.

Togher further discloses where modifications to the credit limits can be modified

at any point during a day, at any point during a transaction (column 3, lines 1-20;

column 11, lines 55-63; column 12, lines 1-7 and 33-39). The motivation for

combination would again be to offer varying levels of customer service in which

customers could benefit from having credit limits increased in order to facilitate a

transaction, or to require the party to wait until the next trading day in order to receive

the benefits of increased credit limits.

Regarding claims 14-15, Harris does not disclose a method wherein processing

the securities transaction further comprises removing or masking an identity of the

member of the exchange and the non-member institution from the securities

transaction. However, Togher discloses a method wherein processing the securities

transaction further comprises removing or masking an identity of the member of the

exchange and the non-member institution from the securities transaction (column 1,

lines 21-55; column 2, lines 15-22; column 6, line 52 – column 7, line 3). It would be

obvious to one of ordinary skill in the art to combine the use of anonymous trading as

disclosed by Togher with the on-line trading system and method as disclosed by Harris.

The motivation would be to establish a means by which trades could be conducted

without other traders knowing the identity of the party buying or selling.

Regarding claims 25-26 and 50-51, Harris does not specifically specify a method

further comprising receiving an instruction from the member of the exchange to adjust

the pre-established threshold value before or after the securities transaction is rejected.

However, Harris discloses a method wherein a system operator can modify the credit

limits of parties involved in transactions (page 1,paragraph 9; page 3, paragraph 30;

page 6, paragraph 54-56). It would be obvious to one of ordinary skill in the art to

combine modifying credit limits as disclosed by Harris on any number of time frames per

the level of attention and flexibility desired to be offered by the system to party

participants. The motivation would be to offer varying levels of customer service in

which customers could benefit from having credit limits increased in order to facilitate a

transaction, or to require the party to wait until the next trading day in order to receive

the benefits of increased credit limits.

Togher further discloses where modifications to the credit limits can be modified

at any point during a day, at any point during a transaction (column 3, lines 1-20;

column 12, lines 1-7 and 33-39). He motivation again would be to offer varying levels of

customer service in which customers could benefit from having credit limits increased in

order to facilitate a transaction, or to require the party to wait until the next trading day in order to receive the benefits of increased credit limits.

Regarding claim 65, Harris discloses a method for processing a securities transaction on a member exchange (page 1, paragraphs 3-4; page 4, paragraph 36) comprising:

Transmitting a securities transaction from a non-member institution to a credit authorization service of the member exchange, wherein the transaction includes a mnemonic for an exchange member and an identity of the non-member institution (page 4, paragraph 32) and the credit authorization service acts as a surrogate for multiple exchange members (page 1, paragraph 9; page 4, paragraph 36); and

Removing the identity of the non-member institution from the transaction; and

Exposing the transaction to the member exchange (page 1, paragraph 3-4).

Harris does not disclose removing the identity of the non-member institution from the transaction. However, Togher discloses removing the identity of the non-member institution from the transaction (column 1, lines 20-55; column 2, lines 15-22; column 6, lines 52-67). It would be obvious to one of ordinary skill in the art to combine the use of removing names to create an anonymous trading system as disclosed by Togher with the on-line trading system and method as disclosed by Harris. The motivation would be to establish a means by which trades could be conducted without other traders knowing the identity of the party buying or selling.

Regarding claim 66, Harris disclose a method further comprising receiving at the non-member institution, a message indicating that the transaction was executed (page 1, paragraph 9; page 3, paragraphs 26 and 30; page 6, paragraphs 60-64).

Claim 32 is rejected under 35 U.S.C. 103(a) as being unpatentable over Harris as applied to claim 13 above, and further in view of U.S. Patent No. 5,717,860 to Graber et al. (further referred to as Graber). Harris does not disclose a method further comprising maintaining an audit trail of actions by the member of the exchange or actions by the non-member institution. However, Graber discloses a method further comprising maintaining an audit trail of actions (column 2, line 37 – column 3, line 12) by web users. It would be obvious to one of ordinary skill in the art to combine the use of an audit trail as disclosed by Graber with the on-line trading system as disclosed by Harris. The motivation would be to use a well known system for tracking steps taken on the web in order to monitor, audit, and track where members and non-members navigate when negotiating and entering into trades as a means of documenting the steps taken.

Claims 36 and 39-40 are rejected under 35 U.S.C. 103(a) as being unpatentable over Harris.

Regarding claim 36, Harris discloses wherein the value of individual securities transactions for buy orders and sell orders are treated the same in maintaining the

running aggregate (page 1, paragraph 9; page 3, paragraph 30; page 6, paragraphs 61 and 63-64). Harris does not specifically disclose where the value of individual securities transactions for cancel orders depends on the type of transaction. However, Harris discloses where the account may be shut off such that the order would be canceled (page 3, paragraph 26) in which case the transaction is not counted (page 6, paragraphs 61-64) as only completed transactions are recorded. In this case, the canceled order would be treated differently based on the transaction in terms of whether the user canceled a transaction due to, for example, realization of a mistake, etc. or whether the transaction was canceled due to the user's transaction being canceled by the system due to the use being over his/her credit limit.

Regarding claims 39 and 40, Harris discloses a method wherein the running aggregate is based on execution and order price (page 1, paragraph 9; page 3, paragraph 30) in which Harris discloses both trades entered (order price) as well as trades cleared (executed) and where by daily cumulative positions are maintained.

Claims 37 and 38 are rejected under 35 U.S.C. 103(a) as being unpatentable over Harris as applied to claim 33 above, and further in view of "Disclosure, Pay-to-Play, Litigation Reform: Washington Hasn't Lost Interest in Bonds" by L. Hume, 1995 (further referred to as Hume). Harris does not disclose a method wherein the running aggregate is settled on a T+3 or a T+1 cycle. However, Hume discloses a method wherein the running aggregate is settled on a T+3 or a T+1 cycle (page 3, lines 33-37).
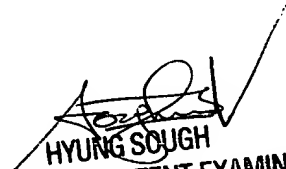
It would be obvious to one of ordinary skill in the art to combine the use of a T+3 or a

T+1 cycle for aggregating as disclosed by Hume with the on-line stock trading with

aggregate calculations as disclosed by Harris. The motivation would be to use well

known and established techniques for aggregating which are accepted by the industry.

Conclusion

Any inquiry concerning this communication should be directed to Jennifer

Liversedge whose telephone number is 571-272-3167. The examiner can normally be

reached on Monday – Friday, 8:30 – 5 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's

supervisor, Sam Sough can be reached at 571-272-6799. The fax number for the

organization where the application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the

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